

Message Text

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PAGE 01 KINGST 01614 291859Z

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ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 SS-15 NSC-05 L-02 H-02 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07

FEAE-00 FPC-01 INR-07 INT-05 NSAE-00 OMB-01 PM-03

SAM-01 OES-03 SP-02 STR-04 TRSE-00 FRB-03 /084 W

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P 291800Z APR 75

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC PRIORITY 7525

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EO 11652: N/A

TAGS: EINV, US, JM

SUBJECT: GOVERNMENT TO TAKE OVER ESSO REFINERY

1. MINISTER OF TRADE AND INDUSTRY P.J. PATTERSON ANNOUNCED APRIL 28 THAT GOVERNMENT HAS DECIDED TO OPEN NEGOTIATIONS THIS WEEK FOR THE ACQUISITION OF THE ESSO REFINERY. HE SAID THE DECISION WAS THE RESULT OF THE GOJ'S REVIEW OVER THE PAST MONTHS OF ITS ENERGY POLICY AND RELATED MATTERS, SUCH AS THE ARRANGEMENTS FOR THE SUPPLY AND PROCESSING OF IMPORT OF OIL AND PETROLEUM PRODUCTS.

2. WE ARE INFORMED UNOFFICIALLY THAT THE CHIEF GOJ NEGOTIATOR WILL BE G. ARTHUR BROWN, GOVERNOR BANK OF JAMAICA, AND HE WILL BE ASSISTED BY JOHN D. HALL OF THE NATIONAL OIL CORPORATION, GARNETT D. WOODHAM, EXECUTIVE DIRECTOR OF THE LUANA DEVELOPMENT CORPORATION AND RODERICK RAINFORD, PRINCIPAL ASSISTANT SECRETARY, MINISTRY OF TRADE AND INDUSTRY

3. ACCORDING TO A LOCAL ESSO OFFICIAL, WHEN GOVERNMENT INFORMED THE COMPANY IT WANTED TO OPEN NEGOTIATIONS IT SPECIFIED THAT THEY WOULD BE FOR TOTAL ACQUISITION OF THE REFINERY AND NOT JUST PARTICIPATION. ESSO'S LOCAL

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PAGE 02 KINGST 01614 291859Z

MARKETING FACILITIES WILL NOT REPEAT NOT BE TREATED IN

THE NEGOTIATIONS, WHICH THE GOJ WOULD LIKE TO START MAY 1.

4. SINCE MINISTER PATTERSON'S MARCH 1974 ANNOUNCEMENT TO PARLIAMENT THAT GOVERNMENT INTENDED TO RENEGOTIATE ITS 1959 AGREEMENT WITH ESSO, THE COMPANY HAS BEEN PROVIDING THE GOJ WITH DETAILED INFORMATION ON ITS OPERATIONS TO HELP IT PREPARE FOR THE NEGOTIATIONS. ESSO OFFICIALS HAVE TOLD THE EMBASSY THAT THE COMPANY WANTS AND IS OPTIMISTIC IT WILL RECEIVE A MANAGEMENT CONTRACT FOR THE REFINERY AS PART OF THE FINAL SETTLEMENT.

5. COMMENT: ESSO'S RELATIONS WITH THE GOJ ARE EXCELLENT AND THE EMBASSY ANTICIPATES THE NEGOTIATIONS WILL BE AMICABLE AND BUSINESSLIKE. THE COMPANY HOPES THAT A SUCCESSFULLY CONCLUDED AGREEMENT WILL PAVE THE WAY FOR ITS WINNING OF THE MANAGEMENT CONTRACT FOR THE LUANA REFINERY WHICH THE GOVERNMENT INTENDS TO BUILD. GERARD

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